

Wisconsin Coalition of Virtual School Families

Hearing on Assembly Bill 870 Assembly Education Committee Virtual School Operations Testimony by Richard G. Chandler

February 25, 2008

Good afternoon. My name is Rick Chandler. I'm the President of Chandler Consulting, LLC, and I'm providing consulting services to the Wisconsin Coalition of Virtual School Families related to the operation of virtual schools. I'm familiar with school finance and operation issues based on 14 years of experience as the Director of the State Budget Office from 1987 to 2001.

I'm testifying today to provide background information related to the virtual school bills under consideration by the Legislature. The key points the Wisconsin Coalition of Virtual School Families would like to make today are:

- The provisions in the original bipartisan compromise virtual school bill agreed to between the Senate and Assembly Education Committee chairpersons should be passed. Members of both houses and both parties worked together to reach this agreement. That's how the political process should work. AB 870 contains the provisions of the bipartisan compromise bill, with a few additions. The WCVSF supports AB 870.
- The version of the virtual school bill passed by the Senate has an arbitrary and unfair lockout provisions containing a two year enrollment freeze and a tight cap on virtual school enrollment in the future. This would mean that children who would benefit greatly from a virtual school education would not be able to attend virtual schools in the future.
- Virtual schools are high quality schools and are very accountable to their students. Quality and accountability concerns should not be an excuse for imposing a lockout provision. The quality standards in the original compromise bill, along with reasonable audit provisions, will make sure that quality remains excellent in the future.
- The open enrollment program under which virtual schools operate is revenue neutral for the state and for property tax payers in individual school districts. Virtual schools are financed within existing tax resources. The financing system is a balanced approach that fairly reimburses receiving districts and sending districts for their costs.
- The number of students enrolled in virtual schools is only 0.3% of the total K-12 student population in Wisconsin. There is no need to cap virtual school enrollment because of significant impacts on other schools.
- The cap mechanism in the Senate version of the bill is flawed. For students who choose to attend virtual schools, it could deny them access to the virtual schools of their choice. It does not contain any guidelines as to how available slots in virtual schools should be allocated.

The original bipartisan compromise virtual school bill did several important things. It assured that virtual schools would be allowed to continue to operate by modifying state law to address the problems with existing law cited in the December 2007 decision of the Second District Court of Appeals. It also established a number of quality standards. The WCVSF supported the bipartisan compromise bill, as did the Department of Public Instruction.

The Senate version of the bill contains a lockout and cap provision which the WCVSF opposes. It does the following:

- In the 2008-09 school year, virtual school enrollment through the open enrollment process would be equal to the number of students who applied during the three-week February 2007 open enrollment period and who subsequently enrolled in virtual schools.
- In the 2009-10 and 2010-11 school years, enrollment would be frozen at 2008-09 levels, locking out any students above that number who want to attend.
- In the 2011-12 through 2014-15 school years, enrollment would be allowed to increase in four equal steps to 4,500 students statewide (about 0.45% of the total student population), locking out any students above each year's cap number who wanted to attend.
- These caps would apply to each virtual school in proportion to its share of total virtual school enrollment in 2008-09, so students could be locked out of schools they prefer even if slots are available elsewhere.

The WCVSF is opposed to an enrollment freeze, a tight enrollment cap, and any system that does not allow individual schools to grow to accommodate students who can benefit from them.

This lockout provision is arbitrary and unfair. Online public school education is the best option for many children. A lockout provision would hurt children who find virtual schools to be the best learning environment for them, including those with special learning needs (such as autism, Asperger syndrome, and attention deficit and hyperactivity disorder), illnesses that keep them homebound, social issues (such as bullying), unusual schedules due to activities they participate in, and discipline issues. It would also hurt children who want to take advanced or specialized courses online.

If a lockout provision is adopted, many of these children would, in effect, be told that they would have to wait for two, three, four, five or more years before being able to take advantage of an education option that meets their needs best. It should be noted that in some cases, teachers or administrators in brick and mortar schools suggest that students consider enrolling in virtual schools because they feel that a virtual school environment would be better for them. A lockout provision would remove this option.

The lockout provision in the Senate bill was ostensibly passed because of a perceived need to study the quality of virtual schools and to make sure they are accountable to families whose children attend them. These concerns are not justified. Virtual schools have to provide a good quality education, because it is very easy for parents who are not satisfied to have their children transfer to other virtual schools or to brick and mortar schools. In January, the Assembly and Senate Education Committees heard 17 hours of testimony from parents, students, teachers and administrators describing the high quality of virtual schools. The bipartisan compromise bill contained a number of provisions to set quality standards for virtual schools to assure that high quality continues in the future.

Furthermore, the Senate version of the bill contained a requirement that the Legislative Audit Bureau conduct a performance audit of virtual schools. The WCVSF supports this study to assure the quality of virtual schools, but suggests that it be expanded to cover additional areas such as parent satisfaction with virtual schools as well. We are confident that an audit will confirm that virtual schools are of high quality and provide a great education to many students.

There is no fiscal reason for a lockout provision. The current open enrollment transfer aid formula is revenue neutral for the state, for receiving districts, and for sending districts. Virtual schools are funded within existing tax resources. The state pays the same amount of equalization aid when a student transfers. The receiving district does not collect any additional property taxes when a student transfers. The sending district collects the same amount of property taxes when a student transfers.

Here's some background information about how the state's open enrollment program works. In 2006-07, when a student moved from one district to another under the open enrollment program, the following happened:

- The receiving district had its state equalized aids increased by \$5,845, and the sending district had its state aids reduced by \$5,845. These are regarded as the variable costs that are incurred by the receiving school district when students transfer. Each year, DPI sets this open enrollment transfer aid figure based on statewide average per pupil costs for regular instruction, co-curricular activities, instructional support services and pupil support services.
- The receiving district did not count that student for revenue limit purposes. The receiving district got \$5,845 in open enrollment transfer aid but did not levy any additional school property taxes.
- The sending district was still able to count that student for revenue limit purposes. The average sending district was able to spend \$3,304 related to that pupil from a combination of state aids and the property tax levy (the difference between the average revenue limit figure of \$9,149 and the transfer aid amount of \$5,845). This recognizes that the sending district still has fixed costs it has to pay when students transfer (e.g., costs

WISCONSIN EDUCATION ASSOCIATION COUNCIL

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**Testimony of Dan Burkhalter, WEAC Executive Director
before the Assembly Committee on Education
February 25, 2008
Assembly Bill 870**

Thank you for extending an invitation to WEAC last Friday to present testimony today on virtual charter school legislation. My name is Dan Burkhalter. I am the Executive Director of WEAC. WEAC President Mary Bell couldn't be here today due to a prior commitment.

I appreciate the opportunity to reiterate WEAC's position on virtual charter school legislation. Since the Court of Appeals ruled unanimously in December 2007 that virtual charter schools were operating in violation of Wisconsin's education laws, WEAC has called upon the Legislature to pass legislation requiring fiscal and academic accountability for virtual charter schools while enabling virtual charter school students to continue their education uninterrupted.

WEAC believes that SB 396 as passed by the Senate on February 19 accomplishes these goals. It includes quality standards and careful consideration of the fiscal impact of virtual charter school funding on all of the children and taxpayers in Wisconsin through an audit. And it ensures that children can continue their educational experience at virtual charter schools and new students who open enroll this year can attend, while allowing for future growth.

WEAC opposes AB 870 because it does not include the provision in SB 396 to cap open enrollment in virtual charter schools. Such an enrollment cap allows time for a legislative audit to gather information about virtual charter schools, their strengths and shortcomings, the level of individualized attention from highly qualified educators, the role of for-profit companies, and the funding effect on school districts across the state struggling under revenue caps. Once lawmakers get this information, they can make informed judgments as to about how to structure and fund virtual education in a way that benefits all students.

The open enrollment law was not developed with virtual charter schools in mind. It was designed to apply to brick and mortar schools with building capacities and space limitations that naturally cap the growth of open enrollment. No such

Mary Bell, President

Dan Burkhalter, Executive Director

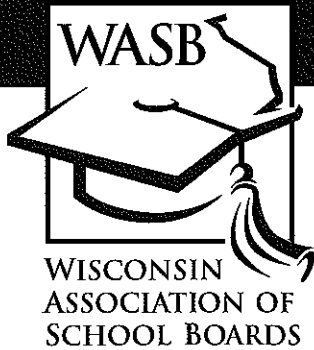
natural limitations exist in the virtual school environment. Enrollment is virtually limitless. As such, it fuels the predatory nature of open enrollment whereby school districts struggling under revenue caps seek to enroll students from other school districts to boost their revenue. If lawmakers had envisioned the phenomenon of virtual charter schools, perhaps they would have capped enrollment or crafted an alternative way of funding virtual charter schools that does not encourage interdistrict predatory behavior.

The public school funding crisis is real. Throughout the state, 43 school districts are going to referendum in April to attempt to override the caps that are driving them toward bankruptcy. More than one-quarter of Wisconsin's school district report they may be forced to close or consolidate. School districts across the state have been forced to cut critical education programs and lay off staff. Subjects that are not tested for compliance under the so-called No Child Left Behind law – such as art, music and vocational education – are hit especially hard. It is time to stop the fiscal bleeding.

Your action on virtual charter school legislation will affect more than the families of the 3,500 students who currently attend virtual charter schools. It will also touch the lives of the 876,000 children who attend Wisconsin's traditional schools. Will the Legislature put its stamp of approval on the limitless dilution of a finite amount of general school aids? This question is especially critical given that state revenue projections are now more than \$650 million lower than expected. Will traditional public schools be asked to make even more sacrifices to the level and quality of programs and services they provide kids, parents and communities? The 876,000 children attending Wisconsin's traditional schools await your answer.

If virtual charter school families want to be assured that their schools will remain open, SB 396 is the vehicle, not AB 870. Governor Doyle has said he will veto virtual charter school legislation that does not include an audit and a cap. As AB 870 does not include a cap, it stands no chance of becoming law. If no legislation is signed into law, the fate of virtual charter schools rests with the courts.

For the sake of students enrolled in virtual schools, for the sake of all public school students, and for the sake of taxpayers in Wisconsin, WEAC urges you to pass SB 396 as amended by the Senate.



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JOHN H. ASHLEY, EXECUTIVE DIRECTOR

Assembly Education Committee
Assembly Bill 870
February 25, 2008
John H. Ashley, Executive Director

The Wisconsin Association of School Boards (WASB) supports the compromise agreement on virtual charter schools as reflected in AB 870. The agreement would maintain local control of online courses and allow virtual charter schools to continue in Wisconsin while establishing reasonable state standards for their operation.

I commend Chairman Davis for working with his colleagues in the Senate to develop a bipartisan agreement on legislation to ensure the continuation of virtual charter schools in Wisconsin with state standards. Unfortunately, that agreement was modified in the Senate to effectively prohibit new virtual charter schools in Wisconsin and cap enrollment to the existing schools until the 2015-16 school year.

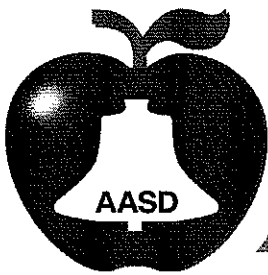
School board members support the continued expansion of technology in education and are moving to provide increased opportunities for students to access online courses and curriculum.

Legislators should reject efforts to prevent school districts from creating new, innovative programs and to cap enrollment to existing public school programs. Rather, we should be working together to embrace the expanding opportunities presented by technology and support efforts in public schools to ensure that the educational needs of all students are being met.

School funding reform is crucial to the future of public education in Wisconsin. School boards continue to face revenue shortfalls and declining enrollments while being challenged on a daily basis to prepare their students for a global economy. Together, we must work towards a sustainable school funding system that provides the necessary resources to educate the next generation of citizens while recognizing the constraints of taxpayers. But, stymieing innovation in public schools will not solve the funding dilemma or contribute to improved student achievement.

The class of 2020 is in kindergarten. They must be prepared for jobs and an economy that do not exist today. School boards are taking the lead in designing schools and programs for students who think and interact in dramatically different ways and will live in a different world than the one with which we are familiar. The rapidly changing face of technology demands that school leaders be innovative and take the tradition-entrenched institution of public education down avenues unheard of just a few short years ago.

The compromise agreement on virtual charter schools as reflected in AB 870 provides an appropriate balance in moving forward with technology and innovation while providing state standards and safeguards. The WASB urges your support.



Appleton Area *School District*

Office of the Superintendent

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TO: Representative Brett Davis
Assembly Education Committee

FROM: Lee Allinger, Superintendent

RE: Virtual Education Enrollment Caps

DATE: February 25, 2008

Legislative Testimony: February 25, 2008

The Appleton Area School District operates a virtual, public charter school -- Wisconsin Connections Academy (WCA). As a K – 8 virtual public charter school, WCA employs advanced technology to bring a standards-based education to students. As state licensed educators, WCA teachers provide students with direct instruction, oversight of coursework completion, and verification of attainment of academic standards. WCA has met the varied educational needs of nearly 2,000 students over the past 5 ½ years. Currently, there are 396 students enrolled in WCA for the 2007-08 school year. I am very appreciative of the efforts by members of the state legislature to develop AB 870 that will allow WCA to continue to provide this educational option for students and families.

At the present time, SB 396 is calling for the establishment of enrollment caps for virtual education, thus limiting the amount of student participation in virtual education in the state of Wisconsin. The Appleton Area School District understands that some feel a cap on virtual school enrollments is necessary. This must be carefully considered. To deny children the right to attend a public school that might best serve their needs must be based on specific and pertinent rationale.

Caps may be prudent if students in a virtual school are not performing academically at a level commensurate with other public schools in the district. Other legitimate reasons may be if parental complaints are so numerous that practices of the virtual school need to be scrutinized or if any of the requirements of the compromise bill are not followed. We certainly understand how a cap in these instances would be prudent. We feel strongly, however, that any cap imposed legislatively needs to allow thriving and successful virtual schools the ability to nurture moderate growth to meet the needs of our families in Wisconsin in a cost effective way.

While the Appleton Area School District does not see the necessity for placing enrollment caps on virtual education in the state of Wisconsin, our greatest concern is that if legislation is adopted, it will allow virtual education to continue through such schools as WCA. If caps are a part of the final legislation, please consider establishing caps that will allow for growth. Families that view virtual schooling as the best option for their children need access to this opportunity.